MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2021/2022

DMG5014 – MANAGEMENT ACCOUNTING 1

(All sections / Groups)

27 NOVEMBER 2021
9:00 A.M. – 12:00 P.M.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **5** questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Below are the account balances of Lestari Manufacturing Company for the year ended 31 March 2021:

	Beginning of Year	End of Year
Finished Goods Inventory	RM 35,000	RM 37,000
Work in Process Inventory	42,000	41,000
Raw Materials Inventory	33,000	39,000
Sales Revenue		580,000
Direct Labour		63,000
Factory Supervisory Salaries		37,000
Income Tax Expense		52,000
Factory Insurance		38,000
Raw Material Purchases		203,000
Administrative Expenses		32,000
Sales Returns and Allowances		5,000
Factory Depreciation		10,000
Indirect Labour		34,000
Selling Expenses		64,000

Required:

a) Prepare a schedule of cost of goods manufactured for Lestari Manufacturing Company for the year ended 31 March 2021. (8 marks)

b) Prepare an income statement for Lestari Manufacturing Company for the year ended 31 March 2021. (7 marks)

c) Identify **TWO (2)** differences between Lestari Manufacturing Company's income statement and a merchandising company's income statement. (2 marks)

Part B

Briefly explain the **THREE (3)** broad functions of management. (3 marks)

(Total: 20 marks)

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QUESTION 2

Part A

Hannah Expert Manufacturing begins operations on 1 August 2021. The company decides to use a job order cost system considering all work is done to customer's specifications. The following transactions occurred during the month.

Aug 3 Purchased raw materials on account, RM310,000.
15 Factory labour costs incurred were RM220,000.
20 The job cost sheet shows that RM288,000 direct materials and RM200,000 direct labour were charged to an ongoing job.
21 An analysis of the materials requisition slips indicated that RM22,000 indirect materials were used.
22 Time tickets also indicated that RM20,000 was indirect labour.
23 Overhead costs incurred on account were RM90,000.
27 Manufacturing overhead was applied at the rate of 65% of direct labour cost.
30 Completed goods were transferred out to finished goods; the remaining goods costing RM100,000 are still incomplete at month end.
31 Finished goods costing RM450,000 to manufacture were sold on account for RM765,000.

Required:

a) Prepare journal entries to record the above transactions. Omit explanation. (14 marks)

b) Calculate the amount of under- or overapplied overhead. (2 marks)

Part B

Briefly explain the **FOUR (4)** differences between job order cost system and process cost system. (4 marks)

(Total: 20 marks)

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QUESTION 3

Sinar Manufacturing Sdn. Bhd. uses the weighted-average method in its process cost system. Operating data for the Blending Department for the month of August 2021 are provided as follows:

Production Data	
Work in process, 1 August *(material 90% complete, conversion costs 60% complete)*	7,000 units
Started into production	30,000 units
Transferred out to Filing Department	34,000 units
Work in process, 31 August (material 70% complete, conversion costs 30% complete)	3,000 units
Cost Data	
Work in process, 1 August (materials)	RM9,830
Work in process, 1 August (conversion costs)	RM14,940
Direct material costs incurred in August	RM1,000
Conversion costs incurred in August	RM6,000

Required:

a) Compute the following amounts and show workings where necessary.

i. Units to be accounted for. (1.5 marks)

ii. Units accounted for. (1.5 marks)

iii. Equivalent units of production for materials. (2 marks)

iv. Equivalent units of production for conversation costs. (2 marks)

v. Cost per equivalent unit and in total for the month. (4.5 marks)

vi. Total costs to be accounted for. (2.5 marks)

b) Prepare a cost reconciliation schedule. (4 marks)

c) Prepare the journal entries to record the following transactions.

i. Material used in August (1 mark)

ii. Cost transferred out to Filing Department in August (1 mark)

(Total: 20 marks)

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QUESTION 4

Part A

On 20 May, 2021, Corrina, a newly hired management accountant at Lofa Company, was asked to predict the overhead costs for the company's operations for the year 2022, where 650 units are expected to be produced. She collected the following quarterly data:

Quarter/Year	Production in Units	Overhead Costs (RM)
1/20	2,600	6,260
2/20	2,850	6,550
3/20	3,530	8,000
4/20	1,440	4,000
1/19	540	2,300
2/19	2,050	5,200
3/19	1,080	3,320
4/19	190	1,773
1/18	1,260	3,700
2/18	3,610	8,100
3/18	3,160	7,300
4/18	1,120	3,600

Required:

Using the high low method, calculate the variable cost per unit and the total fixed costs. (8 Marks)

Part B

Citra Inc. makes student school bags that sells for RM40 each. For the coming year, the management expects fixed costs to be RM450,000. Variable costs are expected at RM30 per unit.

Required:

For the coming year, compute the:

a) Break-even sales in Ringgit Malaysia (RM) using the mathematical equation method. (3 marks)

b) Break-even sales in Ringgit Malaysia (RM) using the contribution margin ratio method. (3 marks)

c) Margin of safety ratio assuming actual sales are RM2,100,000. (3 marks)

d) Sales required to earn a net income of RM700,000 using the mathematical equation method. (3 marks)

(Total: 20 marks)

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QUESTION 5

Part A

Daisy Stylish Company builds personalised wooden boxes for online stores. The company incurred the following costs in its first year of operations in the year 2020.

Variable Costs per Unit	
Direct materials	RM7.50
Direct labour	RM3.45
Variable manufacturing overhead	RM5.80
Variable selling and administrative expenses	RM3.90

Fixed Costs per Year	
Fixed manufacturing overhead	RM24,000
Fixed selling and administrative expenses	RM10,100

Daisy Stylish Company sells the wooden boxes for RM95. During the year 2021, the company sold 7,000 and produced 8,000 personalised wooden boxes.

Required:

a) Assuming the company uses variable costing, calculate the manufacturing cost per unit for the year 2021. (2 marks)

b) Prepare a variable costing income statement for the year ended 31 August 2021. (5.5 marks)

c) Assuming the company uses absorption costing, calculate the manufacturing cost per unit for the year 2021. (2.5 marks)

d) Prepare an absorption costing income statement for the year ended 31 August 2021. (5 marks)

Part B

Distinguish between an absorption costing income statement and variable costing income statement. (5 marks)

(Total: 20 marks)

End of Paper